95. In fact, it is more likely that RI-PH would result in increased costs to Ameritech because each call must be handled by the tandem switch and involves at least one additional interoffice facility as compared to the DID methodology. It is therefore highly unlikely that RI-PH could ever result in any cost savings to Ameritech, contrary to Ms. Evans's claim.

96. Ms. Evans also claims that LECs in 23 states, including US West, have agreed to provide RI-PH. AT&T Evans Aff. ¶ 51. Of course, AT&T's witness made the same type of claim about other LECs in its Illinois arbitration with Ameritech, but on cross-examination admitted that although she had cited US West and BellSouth as examples of LECs who offered RI-PH, they actually did not use it for INP at all. AT&T/Ameritech Illinois arbitration, I.C.C. Docket No. 96 AB-003/004, Tr. 784 (Oct. 2, 1996) ("[I]n fact in U.S. West and Bell South where route indexing is currently already tariffed and offered for service I don't think it has anything to do with number portability.") (emphasis added) [Att. 32]. The same witness also admitted that RI-PH would become irrelevant to number portability once LNP arrived. Id. ("I wasn't suggesting that it [RI-PH] would be used as a long-term solution. I was suggesting that it might be used for some completely different switching format other than number portability.") Similarly, Ms. Evans provides evidence for only one of the carriers referred to -- BellSouth -- and the most it agreed to do was to provide RI-PH "within technical feasibility limitations." Evans Aff., Att. 5, p. 5.

97. AT&T next claims that five state commissions have ordered RI-PH. Evans Aff. ¶ 52. Given that AT&T is a national carrier seeking interconnection on every state, however, the fact

that a handful of commissions allegedly have agreed with it is hardly persuasive. In addition, Ms. Evans does not explain whether the version of RI-PH ordered in those states is identical to what AT&T has demanded in Michigan or whether those other incumbent LECs have network configurations different from Ameritech's that might make RI-PH more viable.

98. AT&T also fails to mention that, given the interconnection schedule in its interconnection agreement (Sch. 2.1), it need not interconnect with Ameritech in Michigan -- and thus would have no need for RI-PH -- until the middle of the period when LNP is scheduled to be implemented in Detroit.[23/] In these circumstances, spending time and money developing RI-PH for interim number portability would be a waste of scarce resources.

99. In sum, AT&T's attempt to relitigate a claim already rejected by the FCC, the MPSC, and several other state commissions is inappropriate in this proceeding and should be rejected.

B. SS7 DID Method

100. Brooks Fiber also purports to raise an INP issue, claiming that Ameritech "refused" to provide it with SS7 Direct Inward Dialing ("DID") for more than a year while still providing it to its own customers. Brooks Br., pp. 32-33. Brooks Fiber's allegation is false.

101. As noted above, DID is one of the methods of interim number portability provided by Ameritech under its interconnection agreements. Contrary to Brooks Fiber's assertion, however,

---

[23/] AT&T/Ameritech Michigan Decision of Arbitration Panel, p. 47 [Att. 27].

the DID Ameritech provides to its own retail customers uses MF (multi-frequency) signaling, not SS7. Furthermore, Brooks Fiber can obtain an SS7 method for porting numbers by using RCF, another INP method provided by Ameritech, which does provide SS7 signaling. This method includes caller ID, which seems to be at the center of Brooks Fiber's claim. Brooks Fiber, of course, has always had the option of choosing either method of number portability for each customer. If Brooks Fiber believed that SS7 signaling was important for a particular customer, it could simply choose to serve that customer using RCF. In all events, Ameritech has been providing SS7 with DID to Brooks Fiber for some time, as described in the Heltsley/Larsen/Hollis affidavit.

102. That being said, I would note that the bottom line for purposes of the Checklist is that DID interim number portability with SS7 signaling does not appear to be required by the Act, the Commission's rules, or the Number Portability Order, and therefore is not a prerequisite to satisfying Checklist item (xi).

C. Interim Pricing of INP

103. Sprint claims that Ameritech's current rates for INP are somehow "illegal." Sprint Br., pp. 16-17. As I explained in my initial affidavit (¶ 160), however, Ameritech has for the present "zero-rated" its INP service with the MPSC's approval and is not collecting anything for INP at this time. The reason for this arrangement is that the MPSC, following its forthcoming decision in the generic cost docket (Case No. U-11280, Order expected in July 1997), will consider and approve a competitively-neutral cost-recovery mechanism for INP in compliance

with the FCC's Number Portability Order, ¶¶ 121-40. Once such a mechanism is established, Ameritech will use the data it has retained on all of the numbers it has ported, and collect charges in accordance with the MPSC's recovery mechanism.

104. Sprint's claim that charging nothing for INP and deferring collection until a competitively-neutral cost-recovery mechanism is established by the MPSC -- consistent with the FCC's direction -- is "illegal" and has a "chilling effect on new entry" is surprising. In essence, Sprint is saying that it does not trust the MPSC to set or enforce a competitively-neutral cost-recovery mechanism for INP. This unfounded fear by Sprint, however, cannot translate into a failure by Ameritech to comply with the Checklist.

D. Ameritech's Progress Toward Long-Term Number Portability

105. Finally, both Sprint (pp. 23-25) and AT&T (Evans Aff., ¶ 15) express concern that Ameritech will not meet its obligations to provide long-term number portability in compliance with the Commission's schedule. As participants in the industry-wide effort to develop LNP, AT&T and Sprint should know better.

106. As the Commission knows, Ameritech has for several years been the leader in pushing LNP forward at both the national and state level, and has publicly declared its intentions to meet the Commission's and MPSC's LNP implementation schedule. In particular, Ameritech has taken the lead in the industry forums in Michigan addressing implementation of LNP in

accordance with the MPSC's accelerated schedule, which requires implementation in the same time frame as the Chicago MSA. See M.P.S.C. Case No. U-10860, p. 28.

107. The Michigan Long Term team (which Ameritech chairs and of which Sprint and AT&T are members) issued a document in January of 1997 declaring that the time frames for implementation of LNP ordered by the MPSC will be met. Further, Ameritech recently advised the MPSC on the status of this issue, committing to meet the MPSC's deadline for deployment of LNP. Ameritech Michigan's 12/16/96 Submission of Information ("Attachment B"), pp. 46-47, Michigan § 271 Compliance Docket (included in Ameritech's May 21, 1997 submission, Vol. 4.1, Tab 61).

108. In these circumstances, there can be no reasonable doubt about Ameritech's commitment to provide LNP on schedule. Moreover, the implementation of LNP is an industry-wide obligation under the aegis of the MPSC, and any failure by Ameritech fail to meet its commitments would easily be detected and remedied by the Commission or MPSC.

CHECKLIST ITEM (xii): DIALING PARITY

109. Although a number of commenters discuss Ameritech's provision of intraLATA dialing parity in Michigan, none take issue with Ameritech's provision of the specific Checklist requirement of local dialing parity. 47 U.S.C. § 271(c)(2)(B)(xii) ("Nondiscriminatory access to such services or information as are necessary to allow the requesting carrier to implement

local dialing parity.") Thus, Ameritech satisfies this Checklist item. IntraLATA dialing parity is discussed below in the section on non-Checklist issues.

CHECKLIST ITEM (xiii): RECIPROCAL COMPENSATION

A. Tandem Rates

110. MCI claims that the rates for reciprocal compensation in Ameritech's interconnection agreements are not equitable or symmetrical because the agreements do not require Ameritech to pay MCI tandem-based rates, even though MCI's network "performs the same function" as Ameritech's network without the need for a tandem switch and MCI's local switches "serve geographical regions that are comparable to those served by Ameritech's tandem switches." Sanborn Aff. ¶¶ 83-84.

111. Once again, however, MCI is trying to relitigate a factual issue already settled in arbitration. The First Report and Order, ¶ 1090, clearly states that a CLEC may obtain the tandem interconnection rate only if its "switch serves a geographic area comparable to that served by the incumbent LEC tandem switch." MCI's argument that its switch served a geographic area comparable to Ameritech's tandem in Michigan was explicitly rejected by the MPSC,[24/] and it has offered no new evidence here. Indeed, MCI implicitly acknowledges its loss in Michigan by using its Chicago switch as the basis for comparison to Ameritech's tandem switches. Sanborn Aff., ¶ 84. But that switch, too, was expressly found by the Illinois

---

24/ MCI/Ameritech Michigan Decision of Arbitration Panel, p. 20 (adopted in the final arbitration decision, pp. 2-3) [Att. 9]. MCI's Motion for Rehearing, which specifically addressed this issue, was denied by the MPSC on June 5, 1997.

Commerce Commission not to be equivalent to Ameritech's tandem switches for purposes of reciprocal compensation.[25/] The Wisconsin Public Service Commission reached the same conclusion for MCI's switch in that state.[26/] Thus, MCI's recycled claim must be rejected.

B. "Type 2" Traffic

112. The MPSC (p. 52) notes that Brooks Fiber has filed a complaint regarding reciprocal compensation for "Type 2" traffic, i.e., certain types of cellular and paging calls. The MPSC states that it "has not and cannot determine" whether this issue relates to Checklist compliance, but also concludes that "the MPSC continues to believe Ameritech complies with this checklist item." MPSC Br., pp. 52-53. To avoid any confusion on this issue, I wish to make it clear that reciprocal compensation for "Type
2" calls is not required by the Checklist.

113. As the MPSC notes (p. 52), this issue was not raised in any arbitration proceeding and, in fact, Brooks Fiber stated in its complaint that it had agreed that matters regarding cellular and paging traffic would not be included in its interconnection agreement but instead would be covered in separate negotiations. Moreover, Brooks Fiber itself does not raise the "Type 2" issue in its Comments on Ameritech's application. See Books Fiber Br., pp. 34-35 (complaining only of the delayed payment issues addressed in Ms. Springsteen's affidavit). These facts demonstrate that Brooks Fiber does not view this as a Checklist compliance issue.

25/ MCI/Ameritech Illinois Arbitration Decision, p. 12 [Att. 10].

26/ MCI/Ameritech Wisconsin Arbitration Decision, p. 11 [Att. 13].

114. In addition, the Act makes it clear that "Type 2" traffic is not subject to the reciprocal compensation duties of § 252(d)(2). That section requires an incumbent LEC to enter into arrangements for reciprocal recovery of costs associated with "the transport and termination on each carrier's network of calls that originate on the network facilities of the other carrier." (Emphasis added). "Type 2" cellular and paging calls do not "originate on the network facilities of the other carrier," i.e., Brooks Fiber, but rather originate on the network of the cellular or paging provider and simply transit Ameritech's network for termination on Brooks Fiber's network. Further, Brooks Fiber has the ability under the Act and Michigan law to establish interconnection agreements directly with such wireless providers for reciprocal compensation for termination of traffic on each other's networks.

115. Ameritech has, however, indicated its willingness to provide the transiting function for this type of traffic. Brooks Fiber Agreement, § 7.2. Ameritech's role in this situation would be limited to the transiting function only; the reciprocal compensation (or access charge) arrangement for this traffic, if any, must be between Brooks Fiber and the wireless carrier. Section 7.2.4 of the Brooks Fiber Agreement states that both parties "agree it is the responsibility of each third party LEC or incumbent LEC to enter into arrangements to deliver local traffic to Brooks Fiber."

116. For these reasons, "Type 2" reciprocal compensation is not required by § 252(d)(2) and therefore also is not required by the Checklist. A more complete description of Ameritech's position on this issue is included in Ameritech Michigan's Answer to Brooks Fiber's Motion to

Reopen and/or Reconsider Comments in the Michigan § 271 Compliance Docket, pp. 19-24 (included in Ameritech's May 21, 1997 submission, Vol. 4.1, Tab 112).

CHECKLIST ITEM (xiv): RESALE

117. MCI alleges that Ameritech is not meeting its resale obligations under the Checklist because it does not offer short-term (i.e., less than 90 days) promotions for resale at the promotional retail rate. Sanborn Aff., ¶¶ 91-94. MCI contends that the Commission's regulations do not allow Ameritech to restrict the resale of short-term promotions in this fashion. Id.

118. This same issue has already been decided in arbitrations with Sprint, in which four of the five state commissions -- including the MPSC -- found in Ameritech's favor.[27/] As those commissions found, Ameritech's position is fully consistent with the Commission's regulations and First Report and Order. For example, the Michigan arbitration panel concluded that to require Ameritech to offer short-term promotions for resale at promotional rates "would impair the ability of Ameritech to participate in the competitive market, and thus, would be inconsistent

---

27/ Sprint/Ameritech Michigan Decision of Arbitration Panel, p. 12 [Att. 5]; Sprint/Ameritech Illinois Arbitration Decision, I.C.C. Docket No. 96 AB-008, p. 15 (Jan. 8, 1997) [Att. 33]; Sprint/Ameritech Ohio Arbitration Decision, P.U.C.O. Case No. 96-1011-TP-ARB, p. 8 (Jan. 23, 1997) [Att. 34]; Sprint/Ameritech Wisconsin Arbitration Decision, P.S.C.W. Docket Nos. 6055-MA-100 & 6720-MA-105, pp. 14-15 (Jan. 15, 1997) [Att. 35].

with the public interest in promoting healthy competition." Sprint/Ameritech Michigan Decision of Arbitration Panel, p. 12 (adopted in final arbitration decision, p. 2) [Att. 5].[28/]

119. MCI also alleges that Ameritech has failed to comply with the Checklist by refusing to resell services sold under individual contracts. Sanborn Aff., ¶ 87. As in other instances, however, Sanborn makes this claim without specifying the who, when, or how of the purported denial of service, and I am not aware that Ameritech has ever precluded MCI from reselling telecommunications services provided by Ameritech under an individual contract. Moreover, the MCI Agreement speaks for itself and certainly contemplates such resale. MCI Agreement, § 10.3.3 ("Each Party acknowledges that Resale Services shall be available to MCIm on the same basis as offered by Ameritech to itself . . . or any other person to which Ameritech directly provides the Resale services, including Ameritech's retail customers.") The same provision is found in the AT&T and Sprint Agreements.

[28/] See also Sprint/Ameritech Illinois Arbitration Decision, p. 15 ("The Commission agrees with Staff and Ameritech that Sprint should not be able to purchase services for resale at rates pinned to promotions of 90 days or less. The Commission can find no requirement in the Act or Order mandating this outcome and believes it would stifle price competition between LECs and new entrants.")[Att. 33]; Sprint/Ameritech Wisconsin Arbitration Decision, p. 14 ("Short-term promotions are not part of Ameritech's resale obligations, under either §§ 251(c)(4) or 251(b)(1). Section 51.613(a)(2) clearly allows ILECs to offer short-term promotional rates that are lower than the rates a resale purchaser would pay.") [Att. 35].

VI. MISCELLANEOUS NON-CHECKLIST ISSUES

A. IntraLATA Toll Dialing Parity

120. Brooks Fiber (p. 33) and TCG (pp. 22-24) allege that Ameritech has refused to implement intraLATA toll dialing parity and has failed to comply with MPSC orders regarding such dialing parity.[29/] These charges are incorrect. First, the relevant MPSC Orders to which Brooks refers (those in June and October of 1996) were stayed by the Michigan Court of Appeals on December 4, 1996 in Docket 198706. Thus, those MPSC Orders are not currently in effect, as TCG acknowledges (p. 24). Moreover, a necessary basis for the stay was the Court of Appeals' agreement that there was a likelihood of success on the merits in Ameritech's challenge of the Orders.[30/] Ameritech Michigan v. Michigan Pub. Serv. Comm'n, Docket No. 198708 (appeal from Case No. U-10138) (Mich. App. Dec. 4, 1996).

121. Second, even with the stay Ameritech has not stopped its development of intraLATA toll dialing parity. Ameritech has already implemented 1+ dialing parity for central offices serving 70% of its Michigan access lines, which complies with the transition mechanism that Ameritech submitted to the MPSC on November 27, 1996 in Case No. U-11104 (included in Ameritech's May 21, 1997 submission, Vol. 4.1, Tab 54). That transition schedule requires 1+ dialing

---

[29/] TCG (p. 24) mistakenly refers to intraLATA dialing parity as a requirement of the § 271 Checklist. Item (xii) of the Checklist refers only to "local dialing parity" (emphasis added). IntraLATA dialing parity is addressed in § 271(e)(2).

[30/] Given this stay, TCG's claim that Ameritech must implement intraLATA dialing parity prior to receiving interLATA authority in Michigan appears to be moot. TCG Br., p. 24 n.66. Of course, § 271(e)(2)(A) requires Ameritech to provide intraLATA toll dialing parity for all Michigan access lines "coincident with the exercise" of any interLATA authority. Ameritech has committed to the MPSC to meet that deadline.

parity for 100% of Ameritech's Michigan access lines by 10 days before Ameritech exercises its in-region interLATA authority. The MPSC, which is overseeing implementation of this plan, has concluded in its Comments that "Ameritech's plan and action consistent with that plan related to conversion appears to comply with the requirements of Section 271(e)(2)(A)." MPSC Br., p. 58.

122. The MPSC also states, however, that Ameritech "has misrepresented its obligation in Michigan related to intraLATA toll dialing parity." MPSC Br., p. 58. Specifically, the MPSC (p. 57) disagrees with my statement that intraLATA toll dialing parity is not required until Ameritech begins providing in-region interLATA service. Regardless of the accuracy or inaccuracy of the MPSC's legal arguments about the difference between § 271(e)(2)(A) and (B) of the Act, I believe that my statement is still correct. At this time the MPSC's orders regarding intraLATA dialing parity have been stayed, and the only schedule for implementation is that which Ameritech has imposed on itself and is meeting.

B. Anti-Slamming Program

123. Sprint accuses Ameritech of having engaged in a "misleading" anti-slamming campaign regarding intraLATA toll users and claims that this is evidence that Ameritech cannot be trusted in competitive markets. Sprint Br., p. 30. Sprint's alleged concerns are misplaced and irrelevant to this proceeding.

124. First, the specific anti-slamming campaign Sprint refers to has already been reviewed by the MPSC. Although the MPSC found against Ameritech, it is important to recognize that the decision focused on the narrow issue of the propriety of an Ameritech bill insert, not on slamming protection in general. Further, the MPSC itself split 2-1 on the issue, with Commissioner Shea dissenting because, inter alia, the decision was supported by no evidence whatsoever. The decision is currently on appeal.

125. Second, and more important, slamming is becoming of increasing concern based on the actions of IXCs in the long-distance business and events in the intraLATA toll marketplace. In this regard, see Ameritech Comments filed on June 4, 1997 in the Commission's Anti-Slamming Program Rulemaking (In the Matter of Policies and Rules Pertaining to Local Exchange Carrier "Freezes" on Consumer Choices of Primary Local Exchange and Interexchange Carriers, RM-9085, CCB/CDP 97-19). Moreover, the Commission has recognized that protecting customers against slamming is not only essential, but also is required for fair competition. In the Matter of Policies and Rules Concerning Unauthorized Changes of Consumers Long Distance Carriers, CC Docket 94-129, 10 FCC Rcd 9560, ¶ 10 (June 14, 1995). In this regulatory and competitive climate, the fact that Ameritech's initial attempt to protect its customers was not accepted by the MPSC is hardly the sort of damning evidence that would justify denying Ameritech's § 271 application. Rather, the issue of the acceptable methods for anti-slamming protection is best left to the FCC based on the full record developed in its separate rulemaking.

C. Alleged "Tying" of ValueLink and Centrex to Local Service

126. Some commenters allege that Ameritech has attempted to foreclose competition for local exchange customers through the use of long-term agreements for Ameritech's "ValueLink" intraLATA toll service. LCI Br., pp. 21-28; Brooks Fiber Br., pp. 33-34; MFS WorldCom Br., p. 8.

127. ValueLink contracts offer volume discounts for customers committing to buy intraLATA toll service from Ameritech. The degree of the discount will vary with the volume the customer commits to purchase and/or the term over which the customer commits to take service from Ameritech. Most agreements run from one to three years. Early termination charges in the agreements are set by tariff.

128. The commenters allege that Ameritech has somehow foreclosed competition to provide local service to business customers with ValueLink contracts because (1) Ameritech allegedly will not allow a customer to continue under its ValueLink contract if it switches local service from Ameritech to a competitor and will impose a termination charge on that customer (LCI Br., p. 22); and (2) Ameritech's billing system cannot separate the intraLATA ValueLink portion from local service, which also prevents customers from switching local service providers without terminating their ValueLink contracts and facing termination charges. Id.

129. Brooks Fiber's claim on this point is somewhat surprising. True, Brooks Fiber did file a complaint regarding ValueLink contracts with the MPSC, but Brooks Fiber and Ameritech

have resolved this issue and Brooks Fiber has filed a Motion to Withdraw its complaint with the MPSC. [Att. 36].[31/] Specifically, Ameritech has put in place arrangements that will allow customers to switch to Brooks Fiber as their local carrier and retain their ValueLink intraLATA contract with Ameritech. The terms of this arrangement, which includes solutions for call routing, trunking, billing, and customer care issues, are described in letters from Ameritech to Brooks Fiber dated May 7 and May 29, 1997, and Ameritech's implementation of this arrangement is confirmed in a June 11 letter to Larry Vander Veen of Brooks Fiber. [Att. 37].

130. In addition, Ameritech is fully prepared to arrange similar solutions for other CLECs. For example, Ameritech has been discussing the same issues with MCI and is optimistic about reaching an agreement in the near future.

131. The reason that ValueLink customers cannot change their local carrier overnight is both technical and historical. Because it is not primarily a toll carrier, Ameritech's network is not set up to receive incoming Feature Group D traffic like AT&T's toll network would be. As a result, routing and billing difficulties arise when Ameritech must receive toll traffic from other carriers. Nevertheless, Ameritech is willing and able to work out arrangements with CLECs to allow ValueLink customers to switch local carriers without exiting their ValueLink contracts, as demonstrated by its experience with Brooks Fiber.

31/ That motion has been opposed by certain parties and remains pending before the MPSC.

132. Rather than follow Brooks Fiber's lead and work together with Ameritech to solve the problem from a business perspective, LCI spends a quarter of its brief (pp. 21-28) attempting to establish some sort of antitrust claim regarding ValueLink. Its sweeping allegations, however, have nothing to do with Ameritech's Checklist compliance. Moreover, LCI simply refuses to accept that volume-discount contracts are an established practice in the telecommunications industry (LCI uses its own volume-discount contracts for long-distance service) and in many ways serve a pro-competitive, pro-consumer function.

133. Long-term agreements based on volume discounts enable suppliers to offer lower prices, additional services, and necessary capital investment. Customer welfare is enhanced by lower prices, more services, dedicated supplier resources, and the certainty of supply at a fixed or predictable price. ValueLink contracts advance these goals without unreasonably restraining trade.

134. To begin with, for LCI to say customers are "foreclosed" from switching local service providers is simply wrong. ValueLink contracts are expiring every day, leaving business customers free to change their intraLATA provider. Nor is the duration of the contracts (1-3 years), unreasonable, particularly in light of the investment that Ameritech must make to serve these customers and the fact that many of these contracts call for dedicated facilities and personnel. In addition, even for customers in the middle of a ValueLink contract, Ameritech and Brooks Fiber have developed billing procedures that allow for an easy transition of local carriers. Ameritech is certainly willing to develop a similar solution with LCI.

135. Second, ValueLink contracts are not "exclusive dealing" arrangements. These agreements contain discounts predicated on certain volume commitments. Provisions of this sort do incent customer loyalty, but they do not require it. Customers presented with competitive offers may purchase service from competing providers.

136. Third, LCI appears to have grossly exaggerated the degree of any claimed "market foreclosure." Any such claim depends on the definition of the "market" allegedly being foreclosed. LCI makes no serious attempt to define its "market" or to defend it as a legitimate gauge for its claims. For example, LCI claims in its brief that 50-60% of the "market" for local business services is foreclosed because of ValueLink contracts. LCI Br., p. 23. Elsewhere, however, it estimates the level of foreclosure at 35% (Charity Aff., ¶ 17), and still elsewhere it refers only to 50 customers that allegedly have been foreclosed from switching local service to LCI (Charity Aff., ¶ 19). The inconsistency of these numbers is enough to give pause about the reliability of LCI's assertions about foreclosure and the "market" at issue. I expect that a more objective analysis would find any level of "foreclosure" to be quite small.

137. Fourth, I disagree with the characterization of the termination payments as punitive in nature. Rates quoted by Ameritech are based on the duration of the commitment (as well as the volume). Rates for a particular volume over a three-year term are lower than those quoted for the same volume over a one-year term. A customer's termination of a three-year contract after only one year results in the customer obtaining a rate for its one year of service that would not otherwise be available. Thus, the termination charge gives customers an incentive to be careful

in estimating their volume and defining the terms of their multi-year contracts. It also gives Ameritech greater assurance that its investment in these contracts, including dedicated facilities and personnel, will not be wasted. Finally, the customers who enter these agreements are sophisticated business customers with bargaining power of their own who fully understand the commitment they are making.

138. The crux of LCI's complaint seems to be not so much that ValueLink contracts are in themselves a bad thing, but that it cannot tell whether the alleged difficulty it has encountered in attempting to switch ValueLink customers to its local service results from a policy of Ameritech or from billing difficulties in separating local and intraLATA charges. See LCI Br., pp. 25-27. As demonstrated by Ameritech's successful resolution of the same issue with Brooks Fiber in Grand Rapids, the difficulty lies in devising billing solutions to segregate the two types of charges in accord with the requesting carrier's network configuration. Ameritech is, of course, willing to work with LCI to develop such solutions as necessary.

139. LCI makes similar "tying" allegations regarding Ameritech's use of multi-year contracts with Centrex customers. LCI Br., p. 26. The discussion regarding ValueLink contracts applies with equal force here. In addition, LCI should be well aware that such contracts have long been standard in the industry and came into use well before there was any possibility of widespread local exchange competition. Far from being a devious plot to shield customers from CLECs, as LCI claims, Centrex contracts are a legitimate response by incumbent LECs to competition from private branch exchange ("PBX"), key system, and other types of business telephone

system providers. Centrex and PBX have long been considered to be directly competing services, and multi-year Centrex contracts enable Centrex providers to offer discounted rates in competition with PBXs and other competing business services. Furthermore, many Centrex contracts cover only a portion of the customer's total lines.

140. As for LCI's claim that it has encountered "at least 50 separate instances" where customers could not switch to LCI local service because of their Centrex contracts, Ameritech is unable to respond due to the lack of detail in LCI's affidavits. I would note, however, that Centrex contracts do not contain "huge" cancellation "penalties" as LCI alleges. LCI Br., p. 26. Rather, the termination penalties are individually negotiated with customers, who normally are sophisticated business users who have a number of competitive options and, therefore, substantial bargaining power.

VI. Conclusion

141. As this affidavit shows, the assorted claims of Ameritech's competitors have no legitimate basis. The core issue raised by the DOJ and MPSC -- common transport -- remains pending before the FCC, but analysis shows that it cannot be part of the Checklist's unbundled local transport requirement, nor can it be deemed a network element on any other basis. Accordingly, the products and services provided by Ameritech's interconnection agreements fully comply with the Checklist.

142. This concludes my reply affidavit.

I hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

Theodore A. Edwards

Subscribed and sworn before me this 2nd of July, 1997.

Carol M. Fancher
Notary Public

My Commission expires: 03/13/00

"OFFICIAL SEAL"
CAROL M. FANCHER
Notary Public, State of Illinois
My Commission Expires 03/13/00

Public Policy

Larry G. Parker

Ameritech

May 23, 1997

Request For Approval No.

To: Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62794-9280

97 NA-016

Re: Amended and Restated Agreement Dated April 8, 1997 Between MFS Intelenet of Illinois, Inc. and Ameritech Illinois

Ameritech Illinois hereby files the attached amended and restated interconnection agreement dated April 8, 1997 ("the Agreement") between Ameritech Illinois and MFS Intelenet of Illinois, Inc. ("MFS") for review and approval by the Commission pursuant to the provisions of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (to be codified at 47 U.S.C. 151, et seq.), Section 252(e) (the "Act"). Other contracts, which are referred to in Section 18.0 of the Agreement, are unchanged and were provided either with the original agreement approval request submitted May 28, 1996, or during the proceeding in Docket 96 NA-002.

Ameritech Illinois respectfully requests Commission action approving the Agreement in accordance with the Act.

The Agreement has been arrived at through negotiations between the parties as contemplated by Section 252(i) of the Act and addresses the terms and conditions related to unbundled Network Elements.

Section 252(i) of the Act states that "A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement."

MFS has exercised its rights under Section 28.14 of the original interconnection agreement and Section 252(i) of the Act by replacing Section 9.0 of the original MFS/Ameritech Illinois Agreement with Article IX of the AT&T/Ameritech Illinois Agreement. In addition, Section 26.0 - Liquidated Damages - under the original MFS/Ameritech Illinois Agreement is deleted from the amended and restated Agreement since that section was inconsistent with the Network Element Performance Benchmarks and Remedies set forth in revised Section 9.9 of the amended and restated Agreement.

As contemplated by Section 252(e)(2)(A), the Agreement does not discriminate against any telecommunications carrier not a party to the Agreement, and the implementation of the Agreement will be consistent with the public interest, convenience and necessity. In further support of its submission, Ameritech Illinois provides the attached statement in support of its request for approval.

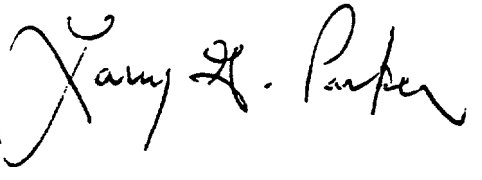
In accordance with Section 252(e)(4) of the Act, the Agreement will be deemed approved if the Commission does not act to approve or reject the Agreement within 90 days from the date of this submission.

Copies of the Agreement are available for public inspection in Ameritech Illinois' public offices.

Ameritech Illinois respectfully requests that the Commission approve the Agreement as soon as possible.

Please acknowledge receipt by returning the extra copy of this letter.

Sincerely,



Attachments

STATEMENT IN SUPPORT OF REQUEST FOR APPROVAL

The attached amended and restated interconnection agreement (the "Agreement") between Illinois Bell Telephone Company ("Ameritech Illinois") and MFS Intelenet of Illinois, Inc. ("MFS"), was arrived at through voluntary negotiations between the parties. Accordingly, Ameritech Illinois requests approval pursuant to Section 252(a)(1) and 252(e) of the Telecommunications Act of 1996 (sometimes referred to as the "Act").

This Agreement was arrived at through negotiations between the parties following MFS' exercise of its rights under Section 28.14 of the original interconnection agreement and Section 252 (i) of the Act by replacing Section 9.0 of the original agreement with Article IX of the AT&T/Ameritech Illinois Agreement. The old and new versions of Section 9 address the terms and conditions related to unbundled Network Elements. Agreement was reached on April 8, 1997.

The Agreement, when approved by the Commission will supersede the agreement approved in Docket 96 NA-002, and will be effective retroactively to the April 8, 1997 execution date. The termination of the Agreement is the same as that of the original agreement, May 17, 1999. The Agreement establishes the financial and operational terms for the physical interconnection between Ameritech Illinois' and MFS' networks based on mutual and reciprocal compensation; unbundled access to Ameritech Illinois' network elements; physical collocation; number portability; resale; access to databases; and a variety of other business relationships. The key amendments to the Agreement are summarized as follows:

i) revised definitions that support the inclusion of Article IX of the AT&T/Ameritech Illinois Agreement and the Schedules that relate to Article IX,

ii) the deletion of Section 9.0 of the original MFS/Ameritech Illinois Agreement and the substitution in lieu thereof of Article IX of the AT&T/Ameritech Illinois Agreement,

iii) the deletion of the liquidated damages section (Section 26.0), which section was inconsistent with the Network Element Performance Benchmarks and Remedies set forth in revised Section 9.9,

iv) the addition of the Schedules from the AT&T/Ameritech Illinois Agreement that correspond to Article IX of the AT&T/Ameritech Illinois Agreement, and

v) the insertion of prices that relate to the unbundled Network Elements to be provided under the Amended and Restated Agreement, which prices are set forth at Item V of the Pricing Schedule of the AT&T/Ameritech Illinois Agreement.

To facilitate commission review of the amendments, attached to this Statement In Support of Request for Approval is a redlined version of the Agreement dated April 8, 1997 showing the differences between the Amended and Restated MFS/Ameritech Illinois Interconnection Agreement and the original (approved in Docket 96 NA-002) Interconnection Agreement dated May 17, 1996.

Under Sections 252(e)(1) and (2) of the Act, the Commission may reject the Agreement only if the Agreement or a portion thereof " . . . discriminates against a telecommunications carrier not a party to the agreement" or " . . . implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity . . . " Although the Agreement was arrived at through MFS' exercise of its 252 (i) rights, the Agreement remains a product of voluntary negotiation, therefore, it does not have to comply with the standards set forth in Sections 251(b) and (c), thus rendering inapplicable the pricing standards set forth in Section 252(d).

The Agreement is not discriminatory. Ameritech Illinois will make this Agreement available to any other telecommunications carrier operating within Ameritech Illinois' service territory. Other telecommunications carriers can negotiate their own arrangements pursuant to the applicable provisions of the Act.

The Agreement is the product of good faith, arms-length negotiations between competitors. Overall, the Agreement is acceptable to both parties and it shows that two competitors, negotiating in good faith under the terms of the Act, can arrive at a mutually beneficial business arrangement that overall meets their individual business interests and furthers the cause of competition in the local exchange market. This is precisely the process Congress envisioned in crafting the Act. See S. Rep. No. 23, 104th Cong., 1st Sess. at p. 19 ("The Committee intends to encourage private negotiation of interconnection agreements.") (The Conference Committee on the Telecommunications Act of 1996 receded to the Senate on